

MOFFATT TOWNSHIP
ARENAC COUNTY, MICHIGAN
FINANCIAL STATEMENTS
MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name MOFFATT TOWNSHIP	County ARENAC
Audit Date 3/31/04	Opinion Date 8/26/04	Date Accountant Report Submitted to State: 9/21/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) ROBERTSON & CARPENTER, CPAs, LLP			
Street Address 103 E MAIN STREET, PO BOX 69		City ROSE CITY	State MI
Accountant Signature <i>Robertson & Carpenter, CPAs, LLP</i>		ZIP 48654	Date 9/14/04

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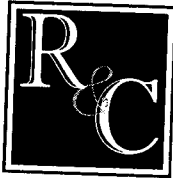
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INDEPENDENT AUDITOR'S REPORT

August 26, 2004

Township Board
Moffatt Township
Arenac County, Michigan

We have audited the accompanying general purpose financial statements of Moffatt Township, Arenac County, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Moffatt Township, Arenac County, Michigan management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the statement of general fixed assets, which should be included in order to conform with generally accepted accounting principles.

In our opinion, except for the effect on general purpose financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Moffatt Township, Arenac County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Moffatt Township, Arenac County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Robertson & Carpenter, CPA's, LLP

ROBERTSON & CARPENTER, LLP
Certified Public Accountants

MOFFATT TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
ASSETS		
Cash	\$ 79,404	\$ 516,532
Certificates of deposit	73,502	-
Receivables:		
Accounts receivable	3,224	-
Special assessments	-	11,022
Due from Arenac County	4,384	15,516
Due from State of Michigan	10,504	-
Due from other funds	56,102	134,780
Total assets	\$ <u>227,120</u>	\$ <u>677,850</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 2,216	\$ 245
Deferred revenue	-	11,022
Due to other funds	-	14,438
Due to other governments	12,355	-
Total liabilities	<u>14,571</u>	<u>25,705</u>
FUND EQUITY:		
Fund balance:		
Unreserved	212,549	652,145
Total fund balance	<u>212,549</u>	<u>652,145</u>
Total liabilities and fund balance	\$ <u>227,120</u>	\$ <u>677,850</u>

See accompanying notes

FIDUCIARY FUND TYPE	TOTAL (MEMORANDUM ONLY)
\$ 467,752	\$ 1,063,688
-	73,502
-	3,224
-	11,022
-	19,900
-	10,504
-	190,882
\$ <u>467,752</u>	\$ <u>1,372,722</u>
\$ -	\$ 2,461
-	11,022
176,444	190,882
291,308	303,663
<u>467,752</u>	<u>508,028</u>
<u>-</u>	<u>864,694</u>
<u>-</u>	<u>864,694</u>
\$ <u>467,752</u>	\$ <u>1,372,722</u>

MOFFATT TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		TOTAL (MEMORANDUM ONLY)
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	
REVENUES			
Taxes	\$ 52,783	\$ 143,747	\$ 196,530
Licenses and permits	10,967	-	10,967
State grants	80,288	-	80,288
Charges for services	7,522	-	7,522
Interest and rents	2,286	3,882	6,168
Special assessments	-	6,549	6,549
Miscellaneous	10,060	675	10,735
Total revenues	<u>163,906</u>	<u>154,853</u>	<u>318,759</u>
EXPENDITURES			
Current:			
Legislative	25,677	-	25,677
General government	100,402	-	100,402
Public safety	16,213	46,359	62,572
Public works	4,166	19,131	23,297
Capital Outlay	-	10,578	10,578
Total expenditures	<u>146,458</u>	<u>76,068</u>	<u>222,526</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	17,448	78,785	96,233
FUND BALANCES - APRIL 1	<u>195,101</u>	<u>573,360</u>	<u>768,461</u>
FUND BALANCES - MARCH 31	\$ <u><u>212,549</u></u>	\$ <u><u>652,145</u></u>	\$ <u><u>864,694</u></u>

See accompanying notes

MOFFATT TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 55,247	\$ 52,783	\$ (2,464)
Licenses and permits	-	10,967	10,967
State grants	95,000	80,288	(14,712)
Charges for services	9,650	7,522	(2,128)
Interest and rents	2,068	2,286	218
Special assessments	-	-	-
Miscellaneous	13,400	10,060	(3,340)
Total revenues	<u>175,365</u>	<u>163,906</u>	<u>(11,459)</u>
EXPENDITURES			
Current:			
Legislative	34,913	25,677	9,236
General government	110,682	100,402	10,280
Public safety	23,100	16,213	6,887
Public works	4,500	4,166	334
Capital Outlay	-	-	-
Total expenditures	<u>173,195</u>	<u>146,458</u>	<u>26,737</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,170	17,448	15,278
FUND BALANCES - APRIL 1	(NOTE C)	<u>195,101</u>	
FUND BALANCES - MARCH 31	(NOTE C)	\$ <u><u>212,549</u></u>	

See accompanying notes

SPECIAL REVENUE FUNDS

<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$ 97,000	\$ 143,747	\$ 46,747
-	-	-
-	-	-
-	-	-
6,300	3,882	(2,418)
-	6,549	6,549
-	675	675
<u>103,300</u>	<u>154,853</u>	<u>51,553</u>

-	-	-
-	-	-
65,400	46,359	19,041
-	19,131	(19,131)
-	10,578	(10,578)
<u>65,400</u>	<u>76,068</u>	<u>(10,668)</u>

37,900	78,785	40,885
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(NOTE C)	<u>573,360</u>
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(NOTE C)	\$ <u><u>652,145</u></u>
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MOFFATT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Moffatt Township conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Moffatt Township.

A. REPORTING ENTITY

Moffatt Township is governed by an elected five-member board. As required by GAAP, these financial statements present Moffatt Township and its component units. In evaluating how to define Moffatt Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *"The Financial Reporting Entity."*

In accordance with generally accepted accounting principles, there are no component units to be included in these financial statements.

B. BASIS OF PRESENTATION

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The financial activities of Moffatt Township are recorded in separate funds and account groups, categorized and described as follows:

GOVERNMENTAL FUNDS

General Fund - This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State aid, and charges for services to provide for the administration and operation of the general Township governmental departments. The fund includes the general operating expenditures of the Moffatt Township.

Special Revenue Funds - These funds are used to account for specific revenue sources (other than expendable trusts or major capital projects) generally derived from State and Federal grants, General Fund appropriations and charges for services, which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements. These funds include the Road Fund, Fire Fund, Gypsy Moth Fund and Mosquito Fund.

MOFFATT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS

Trust and Agency Funds - These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Agency Funds, composed of the Current Tax Collection Fund and Trust and Agency Fund.

ACCOUNT GROUPS

General Fixed Asset Account Group - This account group normally presents the fixed assets of the local unit utilized in its general operations. The Township has not maintained a General Fixed Asset Account Group.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The governmental fund types (General and Special Revenue Funds) use a financial resources measurement focus and are accounted for using the modified accrual basis of accounting. The agency funds also use the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Current expenditures are generally recorded when the fund liability is incurred, if measurable. An exception to this general rule includes principal and interest on general long-term debt, which is recognized when due.

Moffatt Township applies all GASB pronouncements when required, as well as FASB pronouncements unless those pronouncements conflict with or contradict GASB pronouncements.

MOFFATT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Moffatt Township property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in Moffatt Township as of the preceding December 31st. Collection dates are December 1st through February 14th, after which the taxes are deemed to be delinquent. Taxes are recorded as revenue when they become available and measurable.

The 2003 taxable valuation of Moffatt Township totaled \$27,225,521, on which ad valorem taxes levied consisted of .86760 mills for Moffatt Township operating purposes, .96420 mills for the Road Fund, 1.92840 mills for the Fire Fund and .98520 mills for the Gypsy Moth Fund. These amounts are recognized in the respective General and Special Revenue Fund financial statements as revenue.

Taxes Receivable-Delinquent

Arenac County operates a tax revolving fund whereby the County purchases the delinquent tax roll from the Township. Since the amount is readily measurable it has been recognized as revenue for the year ended March 31, 2004. The amount due from the County at March 31, 2004, was:

General Fund	\$ 4,384
Road Fund	5,038
Fire Fund	6,935
Moth Fund	3,543

Deferred Revenue

A special assessment was levied in 1999 for road paving. The unpaid balance as of March 31, 2004, is recorded as a receivable and deferred revenue in the Road Fund.

Fund Equity

The Township receives revenues and incurs expenditures from the enforcement of the State Construction Code Act of 1999 (PA 245 of 1999). A reservation of fund balance is not required at March 31, 2004, since cumulative expenditures exceeded revenues since January 1, 2000.

MOFFATT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Total Column on Combined Statements- Overview

The total column on the combined Statements - Overview is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimated.

NOTE 2 - LEGAL COMPLIANCE

Budget Information

The annual budget is prepared by Moffatt Township management and adopted by the Township Board; subsequent amendments are approved by the Township Board.

The annual operating budget has generally been prepared in accordance with generally accepted accounting principles with the exception of the lack of fund balance information as required by PA 621. Unexpended appropriations lapse at year end. During the year, the budget was amended in a legally permissible manner.

Excess of Expenditures Over Appropriations in Budgeted Funds

The Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, (MCL 141.421 et seq.) provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. Moffatt Township's actual expenditures and budgeted expenditures for the funds budgeted have been shown on a functional basis. The approved budgets of Moffatt Township for these budgeted funds were adopted to the activity level.

MOFFATT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 2 - LEGAL COMPLIANCE (Continued)

Excess of Expenditures Over Appropriations in Budgeted Funds (Continued)

During the year, Moffatt Township incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated, as follows:

<u>FUND AND ACTIVITY</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Excess</u>
Road Fund:			
Public works	-	9,595	9,595
Fire Fund:			
Capital outlay	-	10,578	10,578
Gypsy Moth Fund:			
Public safety	-	2,148	2,148
Mosquito Fund			
Public works	-	7,388	7,388

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Moffatt Township's deposits are presented on the balance sheet under the following categories: Moffatt Township did not have any investments to be classified as to risk at year end.

Cash and Cash Equivalents	<u>\$ 1,137,190</u>
Total	<u><u>\$ 1,137,190</u></u>

The above amounts are classified by GASB Statement No. 3 in the following categories:

Bank Deposits (Checking Accounts and Savings Accounts)	\$ 1,063,688
Certificate of Deposit	<u>73,502</u>
Total	<u><u>\$ 1,137,190</u></u>

MOFFATT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Michigan Compiled Laws, Section 129.91 authorizes the Township to deposit and invest in accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Moffatt Township Board has designated one bank for deposit of Moffatt Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Township of Moffatt's deposits and investments are in accordance with statutory authority. The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for cash deposits are as follows:

	CARRYING AMOUNTS
Total Deposits	\$ <u>1,137,190</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

<u>DEPOSITS</u>	<u>BANK BALANCES</u>
Insured (FDIC)	\$ 200,000
Uninsured and Uncollateralized	960,366
Total	\$ <u>1,160,366</u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The amounts of the interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 56,102	Road	\$ 124
Road	37,253	Fire	12,942
Fire	64,549	Gypsy Moth	1,372
Mosquito	32,978	Tax	176,444
Total	\$ <u>190,882</u>	Total	\$ <u>190,882</u>

MOFFATT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE 5 - PENSION PLAN

Moffatt Township contributes to the Moffatt Township-Arenac Employee Money Purchase Pension Plan, which is a defined contribution pension with the Travelers Life Insurance Company.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contribution, and forfeitures of other participant's benefits that may be allocated to such participant's account. Contributions made by an employee and the township vest immediately. An employee that leaves the employment of the township is entitled to his or her account balance consisting of employee and township contributions, as well as earnings in the account.

The contract requires contributions based on annual salary. The employee must contribute 6% of the compensation. The township is required to contribute the remaining 6% of compensation. Eligible compensation for the year was \$ 96,875. The contribution was as follows:

Employer (6%)	\$ 5,813
Employee (6%)	<u>5,812</u>
	<u>\$ 11,625</u>

Travelers Life Insurance Company held no securities of the township or other related parties during the year or as of the close of the fiscal year.

NOTE 6 - RISK MANAGEMENT

Moffatt Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent insurance companies. Settled claims from these risks have not exceeded insurance coverage for the last 3 fiscal years. Some insurance coverage is provided by insurance pools with limits of coverage as follows:

Property	297,700
Liability	2,000,000/4,000,000
Automobile	2,000,000
Inland Marine	30,800

MOFFATT TOWNSHIP
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
MARCH 31, 2004

ASSETS	<u>ROAD</u>	<u>FIRE</u>
Cash	\$ 201,327	\$ 169,412
Receivables:		
Special assessments	11,022	-
Due from Arenac County	5,038	6,935
Due from other funds	<u>37,253</u>	<u>64,549</u>
Total assets	\$ <u><u>254,640</u></u>	\$ <u><u>240,896</u></u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ -	\$ 245
Deferred revenue	11,022	-
Due to other funds	<u>124</u>	<u>12,942</u>
Total liabilities	<u>11,146</u>	<u>13,187</u>
 FUND EQUITY:		
Fund balance		
Unreserved	<u>243,494</u>	<u>227,709</u>
Total fund balance	<u>243,494</u>	<u>227,709</u>
Total liabilities and fund balance	\$ <u><u>254,640</u></u>	\$ <u><u>240,896</u></u>

<u>GYPSY MOTH</u>	<u>MOSQUITO</u>	<u>TOTAL</u>
\$ 118,119	\$ 27,674	\$ 516,532
-	-	11,022
-	3,543	15,516
-	32,978	134,780
<u>\$ 118,119</u>	<u>\$ 64,195</u>	<u>\$ 677,850</u>
\$ -	\$ -	\$ 245
-	-	11,022
1,372	-	14,438
<u>1,372</u>	<u>0</u>	<u>25,705</u>
<u>116,747</u>	<u>64,195</u>	<u>652,145</u>
<u>116,747</u>	<u>64,195</u>	<u>652,145</u>
<u>\$ 118,119</u>	<u>\$ 64,195</u>	<u>\$ 677,850</u>

MOFFATT TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	<u>ROAD</u>	<u>FIRE</u>
REVENUES		
Taxes	\$ 35,742	\$ 71,484
Interest earnings	1,717	1,651
Rents	-	-
Special assessments	6,549	-
Miscellaneous	175	500
Total revenues	<u>44,183</u>	<u>73,635</u>
EXPENDITURES		
Current:		
Public safety	-	46,359
Public works	9,595	-
Capital outlay	-	10,578
Total expenditures	<u>9,595</u>	<u>56,937</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	34,588	16,698
FUND BALANCE - APRIL 1	<u>208,906</u>	<u>211,011</u>
FUND BALANCE - MARCH 31	\$ <u><u>243,494</u></u>	\$ <u><u>227,709</u></u>

<u>GYPSY MOTH</u>	<u>MOSQUITO</u>	<u>TOTAL</u>
\$ -	\$ 36,521	\$ 143,747
421	93	3,882
-	-	-
-	-	6,549
-	-	675
<u>421</u>	<u>36,614</u>	<u>154,853</u>
-	-	46,359
2,148	7,388	19,131
-	-	10,578
<u>2,148</u>	<u>7,388</u>	<u>76,068</u>
(1,727)	29,226	78,785
<u>118,474</u>	<u>34,969</u>	<u>573,360</u>
\$ <u><u>116,747</u></u>	\$ <u><u>64,195</u></u>	\$ <u><u>652,145</u></u>

MOFFATT TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 32,000	\$ 35,742	\$ 3,742
Interest earnings	2,200	1,717	(483)
Special assessments	-	6,549	6,549
Miscellaneous	-	175	175
Total	<u>34,200</u>	<u>44,183</u>	<u>9,983</u>
EXPENDITURES			
Public works	-	9,595	(9,595)
Total	<u>-</u>	<u>9,595</u>	<u>(9,595)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	34,200	34,588	388
FUND BALANCE - APRIL 1	(NOTE 2)	<u>208,906</u>	
FUND BALANCE - MARCH 31	(NOTE 2)	\$ <u><u>243,494</u></u>	

MOFFATT TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIRE FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 65,000	\$ 71,484	\$ 6,484
Interest earnings	3,000	1,651	(1,349)
Miscellaneous	-	500	500
Total revenues	<u>68,000</u>	<u>73,635</u>	<u>5,635</u>
EXPENDITURES			
Current:			
Public safety	65,400	46,359	19,041
Capital outlay	-	10,578	(10,578)
Total expenditures	<u>65,400</u>	<u>56,937</u>	<u>8,463</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,600	16,698	14,098
FUND BALANCE - APRIL 1	(NOTE 2)	<u>211,011</u>	
FUND BALANCE - MARCH 31	(NOTE 2)	\$ <u><u>227,709</u></u>	

MOFFATT TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GYPSY MOTH FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Interest earnings	1,100	421	(679)
Total revenues	<u>1,100</u>	<u>421</u>	<u>(679)</u>
EXPENDITURES			
Public works	<u>-</u>	<u>2,148</u>	<u>(2,148)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,100	(1,727)	(2,827)
FUND BALANCE - APRIL 1	(NOTE 2)	<u>118,474</u>	
FUND BALANCE - MARCH 31	(NOTE 2)	\$ <u><u>116,747</u></u>	

MOFFATT TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOSQUITO FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 34,000	\$ 36,521	\$ 2,521
Interest earnings	-	93	93
Total revenues	<u>34,000</u>	<u>36,614</u>	<u>2,614</u>
EXPENDITURES			
Public works	<u>-</u>	<u>7,388</u>	<u>(7,388)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	34,000	29,226	(4,774)
FUND BALANCE - APRIL 1	(NOTE 2)	<u>34,969</u>	
FUND BALANCE - MARCH 31	(NOTE 2)	\$ <u><u>64,195</u></u>	

MOFFATT TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CURRENT TAX FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>CURRENT TAX COLLECTION FUND</u>			
	<u>Balance</u> <u>April 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>March 31, 2004</u>
ASSETS				
Cash - checking	\$ 1	\$ 1,326,988	\$ 859,237	\$ 467,752
Total assets	\$ 1	\$ 1,326,988	\$ 859,237	\$ 467,752
LIABILITIES				
Due to other funds	\$ 1	\$ 177,868	\$ 1,425	\$ 176,444
Due to County	-	436,961	359,252	77,709
Due to Intermediate Districts	-	165,920	118,783	47,137
Due to Schools	-	545,363	378,901	166,462
Refunds	-	876	876	-
Total liabilities	\$ 1	\$ 1,326,988	\$ 859,237	\$ 467,752

MOFFATT TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TRUST AND AGENCY FUND
FOR THE YEAR ENDED MARCH 31, 2004

	Balance April 1, 2003	Additions	Deductions	Balance March 31, 2004
ASSETS				
Cash - checking	\$ -	\$ 1,841	\$ 1,841	\$ -
	<u>\$ 0</u>	<u>\$ 1,841</u>	<u>\$ 1,841</u>	<u>\$ 0</u>
 LIABILITIES				
Due to other funds	\$ -	\$ 461	\$ 461	\$ -
Due to County	-	1,180	1,180	-
Refunds	-	200	200	-
	<u>\$ 0</u>	<u>\$ 1,841</u>	<u>\$ 1,841</u>	<u>\$ 0</u>

MOFFATT TOWNSHIP
GENERAL FUND
DETAIL OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004

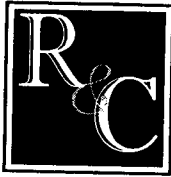
	<u>ACTUAL</u>
<u>CURRENT</u>	
LEGISLATIVE:	
TOWNSHIP BOARD	
Trustee - wages	\$ 4,620
Education	70
Professional and contractual	2,150
Transportation	15
Printing and publishing	350
Supplies	384
Dues and memberships	696
Payroll taxes	1,082
Insurance	11,269
Pension	5,026
Miscellaneous	15
Total legislative	<u>25,677</u>
GENERAL GOVERNMENT:	
SUPERVISOR	
Salary	7,678
Education	-
Supplies	34
Total	<u>7,712</u>
ASSESSOR	
Salary	18,811
Supplies	1,772
Miscellaneous	-
Total	<u>20,583</u>
BOARD OF REVIEW	
Wages	334
Printing and publishing	86
Total	<u>420</u>

MOFFATT TOWNSHIP
GENERAL FUND
DETAIL OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>ACTUAL</u>
GENERAL GOVERNMENT (continued):	
CLERK	
Salary	\$ 8,779
Salary - Deputy	1,000
Education	130
Supplies	1,813
Communication	346
Transportation	233
Miscellaneous	254
Total	<u>12,555</u>
TREASURER	
Salary	8,228
Wages - Deputy	7,667
Supplies	475
Communication	-
Property tax preparation	9,516
Printing and publishing	-
Repairs & Maintenance	420
Miscellaneous	-
Total	<u>26,306</u>
TOWNSHIP HALL	
Custodian - wages	8,338
Supplies	4,118
Communication	845
Utilities	2,372
Transportation	231
Repairs and maintenance	9,103
Miscellaneous	-
Total	<u>25,007</u>
CEMETERY	
Wages	5,505
Supplies	394
Repairs and maintenance	1,920
Total	<u>7,819</u>
Total general government	<u>100,402</u>

MOFFATT TOWNSHIP
GENERAL FUND
DETAIL OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>ACTUAL</u>
PUBLIC SAFETY:	
LIQUOR LAW ENFORCEMENT	
Constables - wages	\$ 1,100
Total	<u>1,100</u>
ZONING	
Wages	10,997
Education	225
Supplies	308
Professional and contractual	2,375
Transportation	735
Printing and publishing	473
Miscellaneous	-
Total	<u>15,113</u>
Total public safety	<u>16,213</u>
PUBLIC WORKS:	
HIGHWAYS AND STREETS	
Street lights	4,166
Total	<u>4,166</u>
Total public works	<u>4,166</u>
<u>CAPITAL OUTLAY</u>	<u>-</u>
TOTAL EXPENDITURES	\$ <u>146,458</u>



Rodney C. Robertson, CPA
Robert J. Carpenter, CPA

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CERTIFIED PUBLIC ACCOUNTANTS

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Phone (989) 685-2411 • Fax (989) 685-2412

Other office: Mio, Michigan

August 26, 2004

Township Board
Moffatt Township
Arenac County, Michigan

Dear Board Members:

We have completed the audit of the financial statements of the Township of Moffatt for the year ended March 31, 2204. As part of our audit, we submit for your consideration certain comments and recommendations which we feel would improve your overall accounting and financial control system for the township.

BUDGETING

Public Act 621 prohibits expenditures in excess of amounts budgeted. There were a few instances where the budget was not amended as required by P. A. 621 as listed in Note 2 of the audit report. The actual results should be compared to the budget periodically and the budget amended as needed.

The adopted budgets for the Special Revenue funds did not include fund balance information as required by P.A. 621. Future budgets should include this information.

GENERAL LEDGER

The general ledger was not in balance at March 31, 2004 due top posting errors. A trial balance tape should be prepared monthly for each fund to assure all funds are balanced before proceeding to the next month's accounting. We are available to assist in balancing the Township records as needed.

GENERAL FIXED ASSETS

The Township has not prepared a general fixed asset group of accounts as required by generally accepted accounting principles. An inventory of all real and personal property owned by the Township should be compiled to allow for inclusion of this information in future audits.

Township Board
Moffatt Township
Arenac County, Michigan

INSUFFICIENT FUND CHECKS

The Township has received several insufficient funds checks. The Treasurer should take appropriate measures to collect any insufficient funds checks received by the Township. If the checks are for payment of property taxes, the taxes should be returned as delinquent at settlement with the County Treasurer.

TAX FUND

Deposits were made to the Winter tax collection bank account after the last day for payment of property taxes. All collections should be deposited timely.

Final disbursements of tax collections to the Township funds and to other units of government were not made in a timely manner. Tax collection funds should be disbursed in a timely manner as prescribed by law.

OVERVIEW

We wish to express our appreciation for the courtesy and cooperation extended to us by township officials during the audit. If we can be of further assistance, please contact us.

Sincerely,

Robertson & Carpenter, CPAs, LLP

ROBERTSON & CARPENTER, LLP
Certified Public Accountants